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Federal Communications Commission
Office of the Secretary

Good afternoon, Congressmen, Commissioners, ladies and gentlemen. I am Michael Ward, General Manager of WNCN(TV), Channel 17, which is an NBC owned and operated station and Raleigh Durham's local NBC outlet. I am delighted to speak with you this afternoon about how NBC17 serves the residents of the Triangle area, and why being part of the NBC station group has transformed NBC17 into a significant and valued member of the local community.

I have been involved in broadcast television for the last quarter-century, in posts ranging from photographer to news director to general manager. I have worked at stations owned by small station groups and by large station groups, network groups and non-network groups. For the last several years, as general manager of NBC17, I have served as NBC's key decision-maker for the Raleigh-Durham market.

All of that experience has taught me the three "L's" that are essential to a successful TV station: **local** acceptance, **local** relevance, and **local** involvement. In a world where cable boasts hundreds of national channels, a television station that does not live by the three "L's" will die, regardless of who owns that station. And for this reason, the current television ownership rules miss the point. They make assumptions and generalizations about ownership and localism that ignore this fundamental reality of local, free, over-the-air television.

The recent ownership history of NBC17 is an instructive example. NBC17 used to be owned by Beasley Broadcasting Group. Beasley is a respected Southern broadcaster. Today, it owns dozens of radio stations in the Carolinas, Georgia and Florida. Yet, for several years under Beasley's ownership, NBC17 was a home shopping station with minimal local programming, no community outreach, and – not surprisingly – a minimal local audience. This low-cost programming strategy did not work, and eventually Beasley sold the station to Outlet Broadcasting, which almost immediately sold the station to NBC in 1996.

At that time NBC had no reliable, full-fledged NBC affiliate in the market. That meant that the local community had no consistent access to NBC's award-winning public affairs, news and entertainment programming.

What has happened since NBC17 joined the NBC family?

1. During the past six years, our weekly local news output has increased nearly 60% – from a mere 17 hours to 27 hours. Our news coverage has included countless local stories. Also, NBC17 has produced over 30 public service announcements at no charge to support organizations like Big Brother, Big Sister, Make a Wish and Easter Seals. Some recent community-oriented programs include:

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- numerous half-hour programs for Easter Seals;
 - the annual hour-long NAACP program titled "The NAACP Today";
 - the annual Easter Morning Service live from downtown Raleigh in conjunction with downtown churches;
 - a weekly public affairs programs entitled "At Issue"; and
 - countless news specials such as the hour-long Sept. 11th live memorial service two days after that tragic event, broadcast from both Durham and Raleigh.
2. The residents of Raleigh-Durham now have consistent access to news, public affairs and entertainment programming from the nation's most successful top-4 network.
3. NBC17 is actively involved in community outreach, including:
- our recent two-day health and fitness fair at the Raleigh Convention Center which drew 22,000 people and delivered over 7800 free health screens and tests to young and old;
 - four annual blood drives for the local Red Cross;
 - our annual Bone Marrow Drive;
 - the active participation of our employees on numerous boards and steering committees of organizations like The United Way, The Raleigh Chamber of Commerce, Alliance of AIDS Services, the American Cancer Society, Triangle Association of Black Journalists, March of Dimes, NAACP branches, Children's Literacy Board and many churches and religious organizations.

In six short years, NBC17 has been transformed from a barely- watched home-shopping outlet to a strong local competitor, a key source of news, public affairs and entertainment programming, and a solid contributor to the social, political and religious life of the local community.

How and why did this happen?

Recall the three L's I mentioned earlier: local acceptance, local relevance, local involvement. These are the fundamental pillars to local success, and NBC is committed to them. That is why when NBC acquired NBC17, it did not ignore or deemphasize the three L's – that frankly would have been financial suicide – but instead reinvigorated them. That is why NBC looks to me and my colleagues at the station to address the critical daily issues facing the station and our community, our friends and our neighbors.

It is also why NBC continues to provide substantial financial and other resources to let me do my job.

The result is the best of both worlds: a station that combines NBC's extensive resources and expertise with an unwavering commitment to remain highly responsive and committed to local concerns.

The history of NBC17 shows why the identity or characteristics of the owner of a station do not automatically translate into quality local service. It also shows that an owner's financial resources and demonstrated commitment to localism can be far more important than where its corporate headquarters are located. And it shows that to be responsive to a community it is not enough to merely avoid offensive programming; it requires a commitment to devote resources to create and broadcast programming that affirmatively serves the community.

My point is this: local relevance, local acceptance and local involvement are simply good business. When NBC invests the tens or hundreds of millions of dollars necessary to acquire and operate a television station, it will not jeopardize that investment by airing programming that offends a substantial number of viewers, or that does not appeal to the local community. Indeed, because it wants to expand its local audience, NBC is able and willing to spend even more in order to produce the truly locally-oriented programming and to fund the community activities that are the hallmark of a successful television station.

From this perspective, the current ownership rules do not make sense. In fact, they are counterproductive. Let's examine the myths that underlie the existing rules.

1. The rules assume that an owner of many stations is less focused on its local community than an owner with few. NBC17, and many other examples like it, prove otherwise.
2. The rules assume that an affiliate station owned by an independent group is more locally oriented than network-owned stations. But let's look at the facts:
 - network-owned stations consistently broadcast substantially more local news and information programming than affiliate stations;
 - on average, affiliated stations preempt roughly the same amount of network programming as network-owned stations;
 - when affiliated stations do preempt network programming, they have a strong economic incentive to substitute less popular syndicated fare or paid or electronic retail programming in lieu of popular network programming. This is more profitable for the affiliated stations, but it does not result in more "local" or "diverse" programming.

3. Some cling to the myth that non-network station owners are somehow inherently more "local." But who are these independent owners? The vast majority of affiliated stations are owned by national media companies – such as Gannett, Hearst, Belo – which are big, multi-media conglomerates. Because the current rules act to prevent the networks from acquiring more stations, they effectively limit the competition faced by these media conglomerates. This anti-network preference does nothing to advance the cause of localism and diversity.

In fact, it is counterproductive. What would happen if the rules changed to permit the networks to have owned-and-operated stations in markets where it currently must rely on affiliated stations? The result would be more hours of local news, fewer economic preemptions for infomercials, and more resources devoted to local programming and community outreach.

Some allege that ownership of multiple stations in a market risks viewpoint diversity in that community. But this is completely contradicted by the fundamental reality of local television - that the three "L's" determine local success, and this applies to each station separately. It simply does not make sense for anyone to acquire an additional station in a market only to run the identical programming. The new station must expand its audience reach through distinctive and locally relevant programming. NBC's acquisition of Telemundo is a good case-in-point: the NBC and Telemundo stations in a market surely do not have a common viewpoint. Yet the current rules prevent Telemundo from acquiring a station in Raleigh-Durham to serve the Hispanic community in this community.

How does all of this affect today's focus on the Commission's ownership rules? The ownership rules cannot govern a station's content or conduct. They cannot measure the level of a station's commitment to bring attractive news and entertainment programming to local viewers, or air programming that the public wants to see instead of less popular infomercials or other syndicated programming. Instead, all they ask is how many other broadcast stations a particular group owns. And, in a time when operating and programming costs for news and other programming are rising, that approach is a sure way to diminish local service.

Since that result is contrary to both the community's standards and to the FCC's long-stated commitment to localism, the FCC should promptly relax its national and local ownership rules to allow for stronger station owners – and better community service.

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